



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0235	Title:	Revise disposition of metalliferous mines license tax
Primary Sponsor:	Lynch, Ryan	Status:	As Introduced

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$1,054,650)	(\$1,314,200)	(\$1,293,173)	(\$1,298,345)
Net Impact-General Fund Balance:	<u>(\$1,054,650)</u>	<u>(\$1,314,200)</u>	<u>(\$1,293,173)</u>	<u>(\$1,298,345)</u>

Description of fiscal impact: This bill would change the general fund allocation of metalliferous mines license tax from 57% to 47% and reallocate the revenue from 25% to 35% for hard-rock mining counties. The fund shift would reallocate between \$1.1 million and \$1.3 million per year from the state general fund to hard rock mining counties' hard rock mine trusts, local governments, and school jurisdictions.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

- Under current law, 57% of metalliferous mines license tax revenue is distributed to the general fund and 25% of metalliferous mines license tax revenue is distributed to the county or counties impacted by large scale metal mining under the hard rock mining law.
- HB 235 proposes decreasing the general fund's portion of the metalliferous mines license tax revenue from 57% to 47% and increasing the county allocation from 25% to 35%.
- General fund estimates for metalliferous mines license tax revenue from HJ2 were used for FY 2016 and 2017. OBPP extrapolations of the HJ 2 estimates were used for FY 2018 and FY 2019.

4. The this bill is effective on October 1, 2015, so only 75% of the FY 2016 tax would be subject to the new distribution. The following table shows the calculation for this proposed change in law.

Metalliferous Mines License Tax Distributions Under HB 235 as Introduced								
Fiscal Year	Current Law			Proposed Law			Difference	
	Total Tax	General Fund	Affected Counties	Total Tax	General Fund	Affected Counties	General Fund	Affected Counties
FY 2016	\$10,546,500 ¹	\$6,011,505	\$2,636,625	\$10,546,500	\$4,956,855	\$3,691,275	(\$1,054,650)	\$1,054,650
FY 2017	\$13,142,000	\$7,490,940	\$3,285,500	\$13,142,000	\$6,176,740	\$4,599,700	(\$1,314,200)	\$1,314,200
FY 2018	\$12,931,728	\$7,371,085	\$3,232,932	\$12,931,728	\$6,077,912	\$4,526,105	(\$1,293,173)	\$1,293,173
FY 2019	\$12,983,455	\$7,400,569	\$3,245,864	\$12,983,455	\$6,102,224	\$4,544,209	(\$1,298,345)	\$1,298,345

¹Total metal mine tax revenue in FY is expected to be \$14,620,000 This bill affects 75% of FY 2016 receipts

5. Changes to the department's data systems would result in a small one-time cost in FY 2016. This cost would be absorbed by the department.

<u>Fiscal Impact:</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Department of Revenue				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	<u>(\$1,054,650)</u>	<u>(\$1,314,200)</u>	<u>(\$1,293,173)</u>	<u>(\$1,298,345)</u>
TOTAL Revenues	<u>(\$1,054,650)</u>	<u>(\$1,314,200)</u>	<u>(\$1,293,173)</u>	<u>(\$1,298,345)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	<u>(\$1,054,650)</u>	<u>(\$1,314,200)</u>	<u>(\$1,293,173)</u>	<u>(\$1,298,345)</u>

Effect on County or Other Local Revenues or Expenditures:

Department of Revenue

1. Counties affected by large-scale mineral development would receive an additional 10% of the total metal mines license tax revenue, an amount equal to the reduction in state general fund revenue.

Long-Term Impacts:

Department of Revenue

1. This bill has no termination date. Thus, the reduction in state general fund revenue and the increase in affected county revenues continue in every year after FY 2019.

Sponsor's Initials

Date

Budget Director's Initials

Date